

# MAINE

## 2004



Instructions for:  
**FORM 1041ME**

TRUSTS &  
ESTATES  
(FIDUCIARY)  
INCOME TAX

For **DOWNLOADABLE FORMS**, visit our web site: [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Forms/Publications)

## IMPORTANT CHANGES

**INTEREST RATE. (36 M.R.S.A. §§ 186 & 186-A).** Beginning July 1, 2004, interest is equal to the prime rate plus three percentage points, compounded monthly. Thus, the interest rate for January 1, 2004 through June 30, 2004 is 6% and, for July 1, 2004 through December 31, 2004, the rate is 7%. Beginning January 1, 2005, the rate is 8%.

**HEALTH SAVINGS ACCOUNTS. (36 M.R.S.A. § 5122(1)(W)).** Maine will not conform to the exclusion from income, the amount contributed to health savings accounts. For tax years beginning after 2003, Maine law requires taxpayers to add back to income amounts contributed to health savings accounts to the extent the amount is not included in federal adjusted gross income.

**ESTATE TAX. (36 M.R.S.A. §§ 4062-64, 4066, 4068, 4069-A & 4071).** Extends indefinitely the Maine estate tax for deaths occurring after 2004. Under prior law, the Maine estate tax was effectively repealed for deaths occurring after 2004. The Maine estate tax will be calculated using the current Internal Revenue Code, except for the reduction of the credit for state death taxes under IRC § 2011 (c) and accelerated increases in the unified credit that exist in the Code after December 31, 2000.

**ALTERNATIVE MINIMUM TAX. (36 M.R.S.A. § 5203-A).** Maine law now provides for a **calculation of Maine alternative minimum taxable income** for purposes of imposing the Maine alternative minimum tax. Previous law required that Maine alternative minimum tax be computed based on a percentage of **adjusted federal tentative minimum tax**. This change applies to tax years beginning after 2003.

**ALTERNATIVE MINIMUM TAX. APPLICATION OF TAX CREDITS (36 M.R.S.A. § 5219-H).** For tax years beginning after 2003, Maine tax credits, except the Pine Tree Zone Development Credit, may not be applied against the Maine minimum tax.

**EMPOWERMENT ZONES. (36 M.R.S.A. §§ 5122(2)(B) & 5200-A(2)(C)).** For tax years beginning after 2003, taxpayers may reduce Maine taxable income by an amount equal to the federal Empowerment Zone credit claimed for the taxable year.

**BIOFUEL PRODUCTION TAX CREDIT. (36 M.R.S.A. § 5219-X).** For tax years beginning after 2003, a new credit for the production of biofuel is available. Biofuel means “any liquid or gaseous product or energy source . . . that is derived from agricultural crops or

residues or from forest products or byproducts, as distinct from petroleum or other fossil carbon sources.” The credit is equal to 5¢ per gallon of biofuel produced. The credit cannot reduce tax liability below zero, but unused amounts can be carried forward for up to five taxable years. The taxpayer must obtain certification from the Maine Department of Environmental Protection as to the biofuel eligible for the credit.

**HIGH-TECHNOLOGY CREDIT. (36 M.R.S.A. §5219-M).** For tax years beginning after 2003, the qualifications for an acceptable lease arrangement resulting in the transfer of the high-technology credit from the lessee to the lessor have become more stringent. A qualified lessor is now defined to require that: 1) the equipment being leased must be used primarily in a high technology activity; 2) the lessor derives no more than 1/3 of aggregate lease payments from the lease of eligible equipment and; 3) the lease qualifies as a lease for federal purposes under Revenue Procedure 2001-28. A qualified lessor may claim a high-technology credit with regards to leased equipment only if the lessee waives the right to claim the credit.

**PINE TREE DEVELOPMENT ZONE TAX CREDIT. (36 M.R.S.A. §§ 2529 & 5219-W).** A taxpayer engaged in the business of financial services, manufacturing or a targeted technology, as defined by 5 M.R.S.A. § 15301, that is located within a Pine Tree Development Zone may be eligible for certain tax benefits. To be eligible, the taxpayer must add new, full-time jobs that meet certain wage requirements and that offer the new employees retirement and health care benefits. For tax years beginning after 2003, a tax credit is available equal to 100% of the tax liability for each of the first five years the qualified business is required to file an income tax return with Maine. The credit is 50% of the Maine tax liability for each of the second five years the business is required to file an income tax return with Maine. Also, eligible businesses may, under the Employment Tax Increment Financing (“ETIF”) program, receive 80% reimbursement of income tax withholding related to qualified Pine Tree Development Zone employees. The increased reimbursement applies to income tax withheld after 2003. In addition, sales tax exemptions apply beginning July 1, 2005 for tangible personal property incorporated into real property located in a Pine Tree Development Zone and for tangible personal property purchased directly by qualified development zone businesses.

**Tax Violations Hot Line: 1 (207) 624-9600** Call this number or send an e-mail to [compliance.tax@maine.gov](mailto:compliance.tax@maine.gov) to report possible tax violations including failure to file tax returns, failure to report all income, and failure to register for tax filing.

## MAINE REVENUE SERVICES PRIVACY POLICY

Maine Revenue Services (“MRS”) maintains the highest standards in handling personally identifiable taxpayer information. Taxpayers have the right to know what information is kept on file about them, to have reasonable access to it, and to receive a copy of their file. Under penalty of law, employees and agents of MRS are prohibited from willfully inspecting information contained on any tax return for any purpose other than the conduct of official duties. In addition, MRS employees and agents are prohibited from disclosing tax information to anyone other than the taxpayer except in a limited number of very specific circumstances. No unassociated third parties may receive information pertaining to tax returns without written permission from the affected taxpayer except as allowed under 36 M.R.S.A. § 191. Communications that do not meet the definition of tax information are subject to the general confidentiality and public inspection provisions of Maine’s “Freedom of Access” laws. When confidential taxpayer information is stored by MRS, it is kept in a secure location where it is accessible only to authorized employees and agents of MRS. If you have any questions regarding the Privacy Policy, please contact MRS at (207) 626-8475.



2004 INCOME TAX RETURN  
FOR RESIDENT AND NONRESIDENT TRUSTS AND ESTATES

For calendar year 2004 or tax year beginning in 2004



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FORM 1041ME

Tax period 04 to Amended Return

NAME OF ESTATE OR TRUST (AS IT APPEARS ON FEDERAL FORM SS-4)		ESTATE/TRUST EIN
NAME and TITLE of FIDUCIARY or TRUSTEE		FIDUCIARY SSN OR EIN
ADDRESS OF FIDUCIARY (NUMBER AND STREET)		CONTACT PERSON
CITY	STATE	ZIP CODE
TELEPHONE NUMBER		

Type of entity: (check one box)

<input type="checkbox"/> Decedent's estate	<input type="checkbox"/> Qualified Funeral Trust	<input type="checkbox"/> Bankruptcy estate — (Chapter 7)
<input type="checkbox"/> Simple Trust	<input type="checkbox"/> ESBT (S Portion Only)	<input type="checkbox"/> Bankruptcy estate — (Chapter 11)
<input type="checkbox"/> Complex Trust	<input type="checkbox"/> Grantor Trust	<input type="checkbox"/> Pooled income fund

Check the boxes that apply: ☐ Resident estate or trust ☐ Nonresident estate or trust ☐ Initial return ☐ Final return

1. Federal taxable income (if nonresident trust or estate, skip to line 3) ..... 1 ..... 00

2. Trust/estate's share of fiduciary adjustment (from Schedule 1, line 3) ..... 2 ..... 00

3. Maine taxable income (If zero or less, no return is required to be filed)  
(resident trust or estate- line 1 plus or minus line 2) (nonresident trust or estate- Schedule NR, line 9) ..... 3 ..... 00

4. Maine income tax (from tax table on page 12 of instructions) ..... 4 ..... 00

5. Adjustments to tax (from Schedule A, line 18) ..... 5 ..... 00

6. Adjusted Maine income tax (line 4 plus or minus line 5) ..... 6 ..... 00

7. Tax payments: a. Maine income tax withheld (attach Form W-2, W-2G, 1099-R or 1099ME) ..... 7a ..... 00  
b. 2004 Estimated tax payments (include real estate withholding tax payments) ..... 7b ..... 00  
c. Total Payments (add lines 7a and 7b) ..... 7c ..... 00

8. a. If line 6 is greater than line 7c, enter TAX BALANCE DUE ..... 8a ..... 00  
b. Enter PENALTY for underpayment of estimated tax (attach Form 2210ME)  
(Check here if you checked the box on Form 2210, line 17) ..... 8b ..... 00  
c. TOTAL AMOUNT DUE (add lines 8a and 8b) ..... 8c ..... 00

9. If line 7c is greater than line 6, enter OVERPAYMENT ..... 9 ..... 00

10. Overpayment to be:  
a. CREDITED to next year's estimated tax 10a ..... 00 b. REFUNDED ..... 10b ..... 00

Third Party Designee

Do you want to allow another person to discuss this return with Maine Revenue Services? ☐ Yes (complete the following). ☐ No.  
Designee's name \_\_\_\_\_ Phone no. ( ) \_\_\_\_\_ Personal Identification number \_\_\_\_\_

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

X SIGNATURE OF FIDUCIARY OR OFFICER REPRESENTING TRUST OR ESTATE DATE

X SIGNATURE OF PREPARER OTHER THAN FIDUCIARY DATE

PRINT PREPARER'S NAME

PREPARER'S PHONE NUMBER

PREPARER'S SSN OR PTIN



File return with: Maine Revenue Services, PO Box 9108, Augusta, Maine 04332-9108  
Enclose check payable to: TREASURER, STATE OF MAINE. Write the employer identification number of the estate or trust on the check. DO NOT SEND CASH

Office Use Only

**SCHEDULE 1 - FIDUCIARY ADJUSTMENT**

(Enter combined amounts for both the beneficiaries and the estate or trust)



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**1 ADDITIONS** — Income exempt from federal income tax, but taxable by Maine law:

- a** Income from municipal and state bonds, other than Maine ..... 1a ..... .00
- b** Net Operating Loss Recovery Adjustment (attach schedule) ..... 1b ..... .00
- c** Maine State Retirement Contributions ..... 1c ..... .00
- d** Fiduciary Adjustment-additions only ..... 1d ..... .00
- e** Bonus Depreciation and IRC §179 Expense Add-back (See instructions) ..... 1e ..... .00
- f** Other. List \_\_\_\_\_ (See instructions) ..... 1f ..... .00
- g** Total additions (add lines 1a through 1f) ..... 1g ..... .00

**2 DEDUCTIONS** — Income exempt from Maine income tax, but taxable by federal law:

- a** U.S. Government Bond interest included in federal taxable income ..... 2a ..... .00
- b** Social Security and Railroad Retirement Benefits included in federal taxable income (see instructions) ..... 2b ..... .00
- c** Interest from Maine Municipal General Obligation & Private Activity Bonds included in federal taxable income ... 2c ..... .00
- d** Maine State Retirement System Pick-Up Contributions paid during 2004  
which have been previously taxed by the state ..... 2d ..... .00
- e** Federal Work Opportunity Credit/Federal Empowerment Zone Credit ..... 2e ..... .00
- f** Bonus Depreciation and IRC § 179 Recapture (See instructions) ..... 2f ..... .00
- g** Other. List \_\_\_\_\_ (See instructions) ..... 2g ..... .00
- h** Total Deductions (add lines 2a through 2g) ..... 2h ..... .00

**3 Net Fiduciary Adjustment** (subtract line 2h from line 1g — see instructions [may be a negative amount]) ..... 3 ..... .00

**Resident trusts or estates:** If the trust's/estate's share of distributable net income is less than 100%, multiply the result of subtracting line 2h from line 1g (\$ \_\_\_\_\_) by Schedule 2, Column 3, line f. Enter result here and on page 1, line 2. **Nonresident trusts or estates:** Enter total fiduciary adjustment here and on Schedule NR, line 4. Do not apply the allocation rate from Schedule 2 at this time; the rate will be applied when completing Schedule NR.

**SCHEDULE 2 — ALLOCATION OF FEDERAL INCOME AND MAINE-SOURCE INCOME**

1. Name B = beneficiary TE = trust or estate	2. Share of income (copy from federal return)	3. Percent	4. State of domicile	5. Social security number/EIN of beneficiaries	6. Maine-source income allocated to <b>nonresident</b> beneficiaries
(a) B-	\$	%			\$
(b) B-	\$	%			\$
(c) B-	\$	%			\$
(d) B-	\$	%			\$
(e) B-	\$	%			\$
(f) TE-	\$	%			\$
(g) Total	\$	100%			\$

**Nonresident:** Line g, column 6: Enter the amount from Schedule NR, line 5, column B. Complete column 6 for nonresident beneficiaries based on the amount entered on line g, column 6, and also based on the percentages in column 3.

**SCHEDULE 3 - CREDIT FOR INCOME TAX PAID TO ANOTHER JURISDICTION**

- 1** Maine taxable income from Form 1041ME, page 1, line 3 ..... 1 ..... .00
- 2** Income taxed by ( \_\_\_\_\_ other jurisdiction) included in line 1 ..... 2 ..... .00
- 3** Percentage of income taxed by other jurisdiction (divide line 2 by line 1) ..... 3 ..... %
- 4** Limitation of credit:
- a** Form 1041ME, page 1, line 4 \$ \_\_\_\_\_ multiplied by \_\_\_\_\_ % on line 3 above ..... 4a ..... .00
- b** Income taxes paid to other jurisdiction net of tax credits ..... 4b ..... .00
- 5** Allowable credit: line 4a or 4b, whichever is less. Enter here and on Form 1041ME, Schedule A, line 4 ..... 5 ..... .00

**Special instructions for taxpayers who claim credit for income tax paid to more than one other jurisdiction:** Credit for each jurisdiction must be computed separately. Use a separate Schedule 3 for each one. Add the results together and enter total on Schedule A, line 4.



2004 INCOME TAX RETURN  
FOR RESIDENT AND NONRESIDENT TRUSTS AND ESTATES

For calendar year 2004 or tax year beginning in 2004



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FORM 1041ME

Tax period 04 to Amended Return

NAME OF ESTATE OR TRUST (AS IT APPEARS ON FEDERAL FORM SS-4)		ESTATE/TRUST EIN
NAME and TITLE of FIDUCIARY or TRUSTEE		FIDUCIARY SSN OR EIN
ADDRESS OF FIDUCIARY (NUMBER AND STREET)		CONTACT PERSON
CITY	STATE	ZIP CODE
TELEPHONE NUMBER		

Type of entity: (check one box)

<input type="checkbox"/> Decedent's estate	<input type="checkbox"/> Qualified Funeral Trust	<input type="checkbox"/> Bankruptcy estate — (Chapter 7)
<input type="checkbox"/> Simple Trust	<input type="checkbox"/> ESBT (S Portion Only)	<input type="checkbox"/> Bankruptcy estate — (Chapter 11)
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Check the boxes that apply: ☐ Resident estate or trust ☐ Nonresident estate or trust ☐ Initial return ☐ Final return

1. Federal taxable income (if nonresident trust or estate, skip to line 3) ..... 1 ..... 00

2. Trust/estate's share of fiduciary adjustment (from Schedule 1, line 3) ..... 2 ..... 00

3. Maine taxable income (If zero or less, no return is required to be filed)  
(resident trust or estate- line 1 plus or minus line 2) (nonresident trust or estate- Schedule NR, line 9) ..... 3 ..... 00

4. Maine income tax (from tax table on page 12 of instructions) ..... 4 ..... 00

5. Adjustments to tax (from Schedule A, line 18) ..... 5 ..... 00

6. Adjusted Maine income tax (line 4 plus or minus line 5) ..... 6 ..... 00

7. Tax payments: a. Maine income tax withheld (attach Form W-2, W-2G, 1099-R or 1099ME) ..... 7a ..... 00  
b. 2004 Estimated tax payments (include real estate withholding tax payments) ..... 7b ..... 00  
c. Total Payments (add lines 7a and 7b) ..... 7c ..... 00

8. a. If line 6 is greater than line 7c, enter TAX BALANCE DUE ..... 8a ..... 00  
b. Enter PENALTY for underpayment of estimated tax (attach Form 2210ME)  
(Check here if you checked the box on Form 2210, line 17) ..... 8b ..... 00  
c. TOTAL AMOUNT DUE (add lines 8a and 8b) ..... 8c ..... 00

9. If line 7c is greater than line 6, enter OVERPAYMENT ..... 9 ..... 00

10. Overpayment to be:  
a. CREDITED to next year's estimated tax 10a ..... 00 b. REFUNDED ..... 10b ..... 00

Third Party Designee

Do you want to allow another person to discuss this return with Maine Revenue Services? ☐ Yes (complete the following). ☐ No.  
Designee's name \_\_\_\_\_ Phone no. ( ) \_\_\_\_\_ Personal Identification number \_\_\_\_\_

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

X SIGNATURE OF FIDUCIARY OR OFFICER REPRESENTING TRUST OR ESTATE DATE

X SIGNATURE OF PREPARER OTHER THAN FIDUCIARY DATE

PRINT PREPARER'S NAME

PREPARER'S PHONE NUMBER

PREPARER'S SSN OR PTIN



File return with: Maine Revenue Services, PO Box 9108, Augusta, Maine 04332-9108  
Enclose check payable to: TREASURER, STATE OF MAINE. Write the employer identification number of the estate or trust on the check. DO NOT SEND CASH

Office Use Only

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**Special instructions for taxpayers who claim credit for income tax paid to more than one other jurisdiction:** Credit for each jurisdiction must be computed separately. Use a separate Schedule 3 for each one. Add the results together and enter total on Schedule A, line 4.



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|------------|---|-----------|---|
| <b>4.</b>  | <b>CREDIT FOR INCOME TAX PAID TO OTHER JURISDICTIONS</b> - From 1041ME, Schedule 3,<br>line 5 .....   | <b>4</b>  | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>5.</b>  | <b>MAINE SEED CAPITAL CREDIT</b> ( <a href="#">Enclose worksheet-see instructions</a> ) .....   | <b>5</b>  | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>6.</b>  | <b>EMPLOYER-ASSISTED DAY CARE CREDIT</b> ( <a href="#">Enclose worksheet-see instructions</a> ) .....   | <b>6</b>  | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>7.</b>  | <b>FOREST MANAGEMENT PLANNING CREDIT</b> (Supporting documentation <b>MUST</b> be included) .....   | <b>7</b>  | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>8.</b>  | <b>RESEARCH EXPENSE TAX CREDIT</b> ( <a href="#">Enclose worksheet-see instructions</a> ) .....   | <b>8</b>  | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>9.</b>  | <b>RESEARCH &amp; DEVELOPMENT SUPER CREDIT</b> ( <a href="#">Enclose worksheet-see instructions</a> ) .....   | <b>9</b>  | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>10.</b> | <b>HIGH-TECHNOLOGY CREDIT</b> ( <a href="#">Enclose worksheet-see instructions</a> ) .....  | <b>10</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>11.</b> | <b>MAINE MINIMUM TAX CREDIT</b> ( <a href="#">Enclose Maine Minimum Tax Worksheet</a> ) .....   | <b>11</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>12.</b> | <b>BIOFUEL PRODUCTION CREDIT</b> ( <a href="#">Enclose worksheet-see instructions</a> ) .....   | <b>12</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>13.</b> | <b>PINE TREE DEVELOPMENT ZONE CREDIT</b> - Enter the amount from the Credit Application<br>Worksheet ( <a href="#">Enclose worksheet-see instructions</a> ) ..... | <b>13</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>14.</b> | <b>OTHER TAX CREDITS</b> - List _____ ( <a href="#">See instructions</a> ) ...  | <b>14</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>15.</b> | <b>TOTAL CREDITS</b> - Add lines 4 through 14 .....   | <b>15</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>16.</b> | <b>MAINE INCOME TAX</b> - 1041ME, page 1, line 4 plus Schedule A, line 1 above .....  | <b>16</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>17.</b> | <b>ALLOWABLE CREDITS</b> - Amount on line 15 or line 16, whichever is less .....  | <b>17</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>18.</b> | <b>TOTAL TAX ADJUSTMENTS</b> - Line 3 minus line 17 (may be positive or negative). Enter here<br>and on Form 1041ME, page 1, line 5 .....                         | <b>18</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |

2004

INCOME SCHEDULE FOR  
NONRESIDENT TRUSTS OR ESTATESA copy of federal Form 1041 must be attached to this  
ScheduleSCHEDULE NR  
FORM 1041ME

Name as shown on Form 1041ME

Estate/Trust EIN

	A FEDERAL	B MAINE	C NON-MAINE
<b>1. INCOME:</b>			
a. Interest and Dividends (Column A: federal Form 1041, lines 1 & 2a) ..... 1a			
b. Business Income or Loss (Column A: federal Form 1041, line 3) Name of Business and EIN: _____ _____ 1b			
c. Capital Gains/Losses (Column A: federal Form 1041, line 4) Description of property: _____ _____ 1c			
d. Rents, Royalties, Partnership Income, Income from Other estates and Trusts. (Column A: federal Form 1041, line 5). List the kind and location of each rental real estate property: _____ _____ 1d			
e. Farm Income/Loss (Column A: federal Form 1041, line 6) ..... 1e			
f. Ordinary Gain/Loss (Column A: federal Form 1041, line 7) Description of Property: _____ 1f			
g. Other Income (Column A: federal Form 1041, line 8) Description: _____ _____ 1g			
h. Total Income (combine lines 1a-1g) ..... 1h			
<b>2. RATIO OF MAINE INCOME:</b> Column B: line 1h, column B divided by line 1h, column A ..... 2		_____	
<b>3. FEDERAL DEDUCTIONS:</b> Column A: federal Form 1041, lines 16 and 19. Column B: Column A multiplied by line 2, column B ..... 3			
<b>4. FIDUCIARY ADJUSTMENT:</b> Enter in column B the amount from Form 1041ME, Schedule 1, line 3 derived from Maine sources. .... 4			
<b>5. TOTAL MAINE INCOME:</b> Line 1h, column B minus line 3, column B plus or minus line 4. Also enter this amount on Form 1041ME, Schedule 2, line g, column 6. .... 5			
<b>6.</b> Enter the percentage from Form 1041ME, Schedule 2, column 3, line f as a decimal. .... 6		_____	
<b>7. TRUST/ESTATE PORTION OF MAINE INCOME:</b> Line 5 multiplied by line 6. .... 7			
<b>8. EXEMPTION:</b> Federal Form 1041, line 20 ..... 8			
<b>9. MAINE TAXABLE INCOME:</b> Line 7 minus line 8. Also enter this amount on Form 1041ME, line 3 ..... 9			



- |            |   |           |   |
|------------|---|-----------|---|
| <b>4.</b>  | <b>CREDIT FOR INCOME TAX PAID TO OTHER JURISDICTIONS</b> - From 1041ME, Schedule 3,<br>line 5 .....   | <b>4</b>  | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
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| <b>11.</b> | <b>MAINE MINIMUM TAX CREDIT</b> ( <a href="#">Enclose Maine Minimum Tax Worksheet</a> ) .....   | <b>11</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
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| <b>17.</b> | <b>ALLOWABLE CREDITS</b> - Amount on line 15 or line 16, whichever is less .....  | <b>17</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |
| <b>18.</b> | <b>TOTAL TAX ADJUSTMENTS</b> - Line 3 minus line 17 (may be positive or negative). Enter here<br>and on Form 1041ME, page 1, line 5 .....                         | <b>18</b> | <div style="text-align: right;"> _ _ ' _ _ '  .00</div> |

2004

INCOME SCHEDULE FOR  
NONRESIDENT TRUSTS OR ESTATESA copy of federal Form 1041 must be attached to this  
ScheduleSCHEDULE NR  
FORM 1041ME

Name as shown on Form 1041ME

Estate/Trust EIN

	A FEDERAL	B MAINE	C NON-MAINE
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b. Business Income or Loss (Column A: federal Form 1041, line 3) Name of Business and EIN: _____ _____ 1b			
c. Capital Gains/Losses (Column A: federal Form 1041, line 4) Description of property: _____ _____ 1c			
d. Rents, Royalties, Partnership Income, Income from Other estates and Trusts. (Column A: federal Form 1041, line 5). List the kind and location of each rental real estate property: _____ _____ 1d			
e. Farm Income/Loss (Column A: federal Form 1041, line 6) ..... 1e			
f. Ordinary Gain/Loss (Column A: federal Form 1041, line 7) Description of Property: _____ 1f			
g. Other Income (Column A: federal Form 1041, line 8) Description: _____ _____ 1g			
h. Total Income (combine lines 1a-1g) ..... 1h			
<b>2. RATIO OF MAINE INCOME:</b> Column B: line 1h, column B divided by line 1h, column A ..... 2		_____	
<b>3. FEDERAL DEDUCTIONS:</b> Column A: federal Form 1041, lines 16 and 19. Column B: Column A multiplied by line 2, column B ..... 3			
<b>4. FIDUCIARY ADJUSTMENT:</b> Enter in column B the amount from Form 1041ME, Schedule 1, line 3 derived from Maine sources. .... 4			
<b>5. TOTAL MAINE INCOME:</b> Line 1h, column B minus line 3, column B plus or minus line 4. Also enter this amount on Form 1041ME, Schedule 2, line g, column 6. .... 5			
<b>6.</b> Enter the percentage from Form 1041ME, Schedule 2, column 3, line f as a decimal. .... 6		_____	
<b>7. TRUST/ESTATE PORTION OF MAINE INCOME:</b> Line 5 multiplied by line 6. .... 7			
<b>8. EXEMPTION:</b> Federal Form 1041, line 20 ..... 8			
<b>9. MAINE TAXABLE INCOME:</b> Line 7 minus line 8. Also enter this amount on Form 1041ME, line 3 ..... 9			

# GENERAL INSTRUCTIONS

## WHO MUST FILE

The fiduciary or trustee of a resident or nonresident estate or trust must file Form 1041ME if the estate or trust has any Maine taxable income or has gross income greater than \$10,000 for the taxable year. Gross income equals the amount on federal Form 1041, line 9. The Maine-source income of a nonresident estate or trust is determined on Schedule NR (see instructions for Schedule NR on page 16).

**A completed copy of federal Form 1041 must accompany the Maine nonresident return.**

## DEFINITION OF RESIDENT AND NONRESIDENT ESTATE OR TRUST

Trusts registered with the Maine Probate Court under the provisions of 18-A M.R.S.A. § 7-101 are subject to Maine income tax as resident trusts. Otherwise, domicile of the decedent, grantor or settlor determines residency. Situs of the trust instrument, the property held in trust, the location of the trustees, the adoption of the laws of any state in the governing instrument are irrelevant for the purpose of determining residency.

A resident estate is the estate of a decedent who, at death, was domiciled in Maine. A resident testamentary trust is a trust which is created by the last will and testament of a decedent who, at death, was domiciled in Maine. Any estate or testamentary trust created by the will of a decedent who was not domiciled in the State of Maine at death shall be considered a nonresident estate or nonresident testamentary trust.

A resident irrevocable inter vivos trust is a trust which was created by or consisted of property of a person domiciled in Maine at the time it was funded. An irrevocable inter vivos trust will be classified as a nonresident trust if the creator of the trust is not domiciled in Maine when funded.

If the settlor of a revocable inter vivos trust is domiciled in Maine when the trust is created, the trust is considered a resident inter vivos trust until the settlor becomes domiciled in another state. A nonresident revocable inter vivos trust will become a resident trust if and when the creator of the trust becomes domiciled in Maine.

## QUALIFIED FUNERAL TRUST

If you meet the criteria of a qualified funeral trust at the federal level, you can file using the same status for Maine purposes. Check the box for "Qualified Funeral Trust" on page one of the return. For a combined return, attach a schedule listing for each beneficiary: Maine taxable income, Maine income tax, name, social security number and whether or not the beneficiary is a resident of Maine. Since each beneficiary is considered a separate trust, Maine income tax must be calculated separately for each beneficiary. The total tax for all beneficiaries is then entered on line 4 of Form 1041ME.

## BANKRUPTCY

For bankruptcy estates (chapter 7 or 11), use Form 1041ME as a transmittal for Form 1040ME. In the top margin of Form 1040ME, write "attachment to Form 1041ME. DO NOT DETACH." Complete the name, address, and identification information at the top of Form 1041ME. Then complete Form 1040ME through line 23. Enter the amount from Form 1040ME, line 23 on line 4 of Form 1041ME, then follow the instructions for completing lines 5 - 10 on Form 1041ME.

## WHEN TO FILE

The due date is April 15, 2005. For fiscal year filers, the due date is the 15th day of the fourth month following the close of the taxable year.

## EXTENSIONS

A State of Maine extension request form is not required. If you are unable to file your return by the original due date of the return, Maine allows an automatic extension equal to any federal extension or 6 months, whichever is the longer period of time. **Caution: An extension to file your Maine return is not an extension for payment of tax.** If you owe money, you must pay at least 90% of that amount by the original due date for filing your return in order to avoid the penalty for late payment of tax. Any remaining tax must be paid when the return is filed by the extended due date in order to avoid the failure-to-pay penalty. Interest is charged on any tax paid after the original due date of the return.

Remit your extension payment with the payment voucher on page 16 by the original due date for filing your Maine return to: Maine Revenue Services, P.O. Box 9114, Augusta, ME 04332-9114.

## INTEREST AND PENALTIES

Interest will be added each month on overdue tax until the entire tax amount is paid. Beginning January 1, 2005, the interest rate is 8% per year, compounded monthly. In addition to interest, a penalty is assessed for late filing. A separate penalty is assessed for the late payment of tax. The penalty for late filing is \$25 or 10% of the tax due, whichever is greater. If a tax return is not filed upon demand, the penalty for late filing is 100% of the tax due. The penalty for late payment of the tax is 1% per month up to a maximum of 25%. Both penalties are assessed when the return is filed late and the tax is paid late. The law also provides for penalties for the underpayment of estimated tax, for preparing or filing a fraudulent income tax return, and for the understatement of income.

## WHOLE DOLLAR AMOUNTS

Show money items as whole dollar amounts. Drop any amount under 50 cents to the lower dollar amount and increase any amount 50 cents through 99 cents to the higher dollar amount.

## ACCOUNTING PERIODS AND METHODS

The accounting period and the method of accounting used are the same as those used for federal tax purposes (for more information, see instructions for federal Form 1041). If the taxable year or method of accounting is changed for federal income tax purposes, the change also applies to the Maine return.

## REPORT OF CHANGE IN MAINE TAXABLE INCOME

If the amount of the federal taxable income is changed or corrected by the Internal Revenue Service, or if the Maine tax liability changes for any other reason, the fiduciary must report the changes on an amended Maine return within 90 days after the final determination of the change. Any fiduciary filing an amended federal income tax return must also file an amended Maine return within 90 days. Failure to comply with these requirements could result in failure-to-file and failure-to-pay penalties. To file an amended return, use Form 1041ME for the year(s) you are amending and check the "amended return" box at the top of the form. **Attach a statement explaining the changes if applicable and a copy of your federal amended return or Internal Revenue agent's report to the Maine amended return.**

# GENERAL INSTRUCTIONS CONTINUED

## PAYMENT OF ESTIMATED TAX

Estates and trusts subject to Maine income tax are required to make installment payments of estimated tax if the estimated tax liability is \$1,000 or more. Generally, payments must be made in four equal installments due April 15, June 15, September 15, and January 15. If you are subject to this requirement, read the instructions for Form 1040ES-ME available online at [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Forms/Publications), or request estimated tax forms for fiduciaries by calling 207-624-7894.

**Note:** Maine's trust/estate estimated tax filing requirements differ from federal requirements in that Maine 1041 estimate payments must be made after the first year filing. 36 M.R.S.A. § 5228.

## THIRD PARTY DESIGNEE

You may designate a third party to discuss your return with Maine Revenue Services by checking the "Yes" box on page 1 of Form 1041ME. Also enter the person's name, phone number, and any 5-digit number the person chooses as their personal identification number (PIN). Checking the "Yes" box will enable Maine Revenue Services to call the person you have chosen if there are any questions or if additional information is needed to process your return.

## SIGNATURE

Any person who prepares a taxpayer's return for compensation must also sign and enter his or her social security number or PTIN as assigned by the IRS. If the return is prepared by a firm or corporation, the federal identification number of the firm must also be listed.

## INFORMATION

MRS web site: [www.maine.gov/revenue](http://www.maine.gov/revenue)

MAINE REVENUE SERVICES

PO BOX 9108

AUGUSTA, ME 04332-9108

ASSISTANCE: (207) 626-8475 MONDAY-FRIDAY, 8 A.M. - 5 P.M.

ORDER FORMS BY CALLING: (207) 624-7894

E-MAIL: [income.tax@maine.gov](mailto:income.tax@maine.gov)

## SPECIFIC INSTRUCTIONS

(Please show negative income amounts on your form by placing a minus sign in the box to the left of the amount.)

### RESIDENT ESTATE OR TRUST ONLY. (Nonresident estates or trusts, see instructions for Schedule NR on page 16).

**Line 1. Federal Taxable Income.** Enter the amount of taxable income shown on federal Form 1041, the amount of unrelated business taxable income from federal Form 990-T and the taxable income of the S corporation portion of Electing Small Business Trusts (ESBT) (if applicable).

**Line 2. Fiduciary Adjustment.** The fiduciary adjustment is determined on Schedule 1 and allocated in accordance with Schedule 2 on page 2 of the form. If any of the income adjustments apply, complete these schedules before proceeding with page 1 of the form. Detailed instructions for the schedules follow.

**Line 4. Maine Income Tax.** Compute the tax on the amount shown on line 3 by using the following table:

#### TAX TABLE

If the taxable income is:	The tax is:
Less than \$4,350	2.0% of the taxable income
\$4,350 but less than \$8,650	\$87 plus 4.5% of excess over \$4,350
\$8,650 but less than \$17,350	\$281 plus 7.0% of excess over \$8,650
\$17,350 or more	\$890 plus 8.5% of excess over \$17,350

This tax rate schedule is effective for tax years beginning in 2004.

**Line 7a. Maine Income Tax Withheld.** Enter the total amount of Maine income tax withheld. Enclose **(do not staple or tape)**

supporting W-2 and 1099 forms. Only send 1099 forms if there is State of Maine income tax withheld shown on them, unless otherwise required to send as supporting documentation for another schedule or worksheet. Legible photocopies of your W-2 forms and 1099 forms on 8 1/2 by 11 inch paper are preferred.

**Line 7b. 2004 Estimated Tax Payments and 2003 Overpayment Carried Forward.** Enter the total amount of estimated taxes actually paid for 2004 and any 2003 credit carried forward. See general instructions above for further explanation of estimated payments.

**Nonresident estates or trusts** also enter on this line amounts withheld in 2004 on the sale of real estate in Maine. Enclose a copy of Form REW-1 to support your entry.

**Line 8. Tax Balance Due.** Any balance of tax liability should be paid in full with the return. Make check payable to Treasurer, State of Maine and mail with the return. Please write the federal estate or trust identification number on the check.

If the amount owed (line 6 minus line 7a) is \$1,000 or more, complete Form 2210ME and attach it to the return. If Form 2210ME shows a penalty amount due, enter it on line 8b and submit payment for the entire balance.

**Line 10a. Amount of Line 9 You Want Credited.** Use this block only if electing to have all or a portion of the overpayment on line 9 credited to next year's estimated tax.

### SCHEDULE 1 – FIDUCIARY ADJUSTMENT (Enter combined amounts for both the beneficiaries and the estate or trust).

**Line 1a. Income from municipal and state bonds, other than Maine.** Enter the income from municipal and state bonds associated with locations outside Maine that is not included in federal taxable income. For example, enter interest from City of New York bonds on this line. However, do not enter interest from Portland, Maine bonds. **NOTE:** Also include adjustments for the taxpayer's distributive share of such items from partnerships and S Corporations.

**Line 1b. Net Operating Loss Recovery Adjustment.** Enter on this line any amount of net operating loss carried to the tax year for

federal purposes that has been previously used to offset addition modifications. Enter any amount of federal NOL carried back to this year (AMENDED returns only).

**Line 1c. Maine State Retirement Contributions.** Enter the amount of 2004 Maine State Retirement Contributions on this line. To calculate this amount, subtract federal wages from state wages appearing on the State of Maine W-2 form. These contributions are tax deferred for federal tax, but are subject to Maine income tax.



## SPECIFIC INSTRUCTIONS, continued

**Line 1d. Fiduciary Adjustment.** If applicable, enter the estate's/trust's share of the fiduciary adjustment of another estate/trust – additions only (36 M.R.S.A. §§ 5122(3) and 5164).

**Line 1e. Bonus Depreciation and IRC §179 Expense Add-back.** For tax years beginning in 2004, federal taxable income must be increased by the net effect of the following amounts reflected in federal taxable income: **1)** 30% bonus depreciation claimed in accordance with Section 101 of the federal Jobs Creation and Worker Assistance Act of 2002, Public Law 107-147; **2)** 50% bonus depreciation deduction claimed in accordance with Section 201 of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27; and, **3)** increase in section 179 expense due to 2003 federal law changes in Section 202 of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003, Public Law 108-27 (the deduction limit increase from \$25,000 to \$102,000; the phase-out threshold increase from \$200,000 to \$410,000; and certain off-the-shelf computer software includable as eligible property for purposes of the section 179 deduction). The amount of this modification is determined by first recalculating the depreciation deduction and section 179 expense on federal Form 4562 exclusive of all bonus depreciation and the section 179 expense increases listed above. Enter on line 1e the difference between this recalculated depreciation/section 179 expense amount and the original depreciation/section 179 expense claimed for federal income tax purposes. Enclose both the actual and pro forma versions of federal Form 4562 with your Maine return. If the difference is less than zero, enter zero. Enclose both the actual and pro forma versions of federal Form 4562 with the Maine return. Property expensed under the provisions of section 179 at the federal level cannot be capitalized for Maine purposes. For more information and examples go to the MRS web site at [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Income/Estate Tax).

**Line 1f. Other.** Enter on this line • the amount of loss, deductions, and other expenses of a financial institution subject to the Maine franchise tax that are included in federal taxable income due to an ownership interest in the financial institution that is a partnership, S corporation, or entity disregarded as separate from its owner • income taxes imposed by Maine or other states and interest or expenses incurred in the production of income exempt from Maine taxation deducted in arriving at federal taxable income • amounts claimed as a business expense for federal tax purposes that are included in the investment base for the high-technology investment tax credit • the amount deducted at the federal level for qualified tuition and other educational expenses under IRC § 222 • income received from the National Health Service Corps Scholarship Program and Armed Forces Health Professions Scholarship and Financial Assistance program if the income is not included in federal income • student loan interest deducted from federal income if related to interest that was paid more than 60 months from the beginning of the repayment period • contributions to Health Savings Accounts (HSAs), either by employer or trust. **Attach supporting documentation when claiming an amount on this line.**

**Line 2a. U.S. Government Bond Interest.** Enter income from direct obligations of the United States Government, such as Series EE and Series HH Savings bonds, U.S. Treasury bills and notes. Include on this line only the amount of interest included in federal taxable income.

**Line 2b. Social Security and Railroad Retirement Benefits included in Federal Taxable Income.** Social Security benefits and Railroad Retirement benefits issued by the U.S. Railroad Retirement Board are not taxed by Maine. However, benefits issued by the Canadian Railroad Retirement Board are taxable to Maine.

**Line 2c. Interest from Maine Municipal General Obligation Bonds included in Federal Taxable Income.** There may be interest from Maine Municipal General Obligations included in federal taxable income. Interest from these bonds is exempt from Maine income tax. If interest of this type is included in federal taxable income, enter that amount on this line.

**Line 2d. Maine State Retirement System Pick-Up Contributions.** Enter contributions paid that have been previously taxed by the state. Use this line only if the person retired after 1988 and received retirement benefits from the Maine State Retirement System in 2004. To calculate the amount for this line, subtract the state taxable gross amount from the federal taxable gross amount shown on the check stub of the last pension check received from the Maine State Retirement System in 2004.

**Line 2e. Federal Work Opportunity Credit/Empowerment Zone Credit.** Enter on this line the amount equal to your federal Work Opportunity Credit and your federal Empowerment Zone Credit.

**Line 2f. Bonus Depreciation/IRC § 179 Expense Recapture.** Amounts required to be added to income under 36 M.R.S.A. § 5122(1)(N) may be recaptured over the life of the applicable asset. For property placed in service in 2002, addition modifications may be recaptured in equal amounts over the remaining life of the asset beginning in 2004. For assets placed in service in 2003, 5% of the addition modification is recaptured in 2004, with the remaining 95% recovered in subsequent tax years, in equal installments, over the remaining life of the applicable asset. For more information, visit [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Income/Estate Tax).

**Line 2g. Other Deductions.** Enter on this line • Maine Lottery or Tri-State Lottery winnings received in 2004 and won prior to January 1, 1987 • account proceeds from a Family Development Account administered by FAME (36 M.R.S.A. § 5216-C) • state income tax refunds • net operating losses carried forward from previous tax years pursuant to 36 M.R.S.A. § 5122 • earnings from fishing operations that were contributed to a capital construction fund • income from investments in the Northern Maine Transmission Corporation • and the estate's/trust's share of a fiduciary adjustment – subtractions only (36 M.R.S.A. §§ 5122(3) and 5164) • interest income and capital gains from the sale of bonds issued by the Waste Management Agency to the extent included in federal taxable income • all items of income, gain, interest, dividends, royalties, and other items of income of a financial institution subject to the Maine franchise tax that are included in federal taxable income due to an ownership interest in the financial institution that is a partnership, S corporation, or entity disregarded as separate from its owner • up to \$6,000 in pension income pursuant to 36 M.R.S.A. § 5122(2)(M) • expenses incurred in the production of income subject to Maine tax, but exempt from federal tax (an example is expenses related to the production of non-Maine municipal bond interest) • amounts received from a Holocaust victims settlement that are included in Federal income (see 36 M.R.S.A. § 5122(2)(O)) • long-term care insurance premiums paid by the estate or trust that have not been claimed as an itemized deduction on the decedent's federal income tax return or as a federal adjustment by self-employed individuals. Except for net operating losses carried forward from previous tax years pursuant to 36 M.R.S.A. § 5122, enter only amounts included in federal taxable income. **Attach supporting documentation when claiming an amount on this line.**

**Line 3. Net Fiduciary Adjustment.** The shares of the beneficiaries and of the trust/estate in the Maine fiduciary adjustment are in proportion to their respective shares of federal distributable net income of the estate or trust. If Schedule 2, column 3, line f is 100%, enter the amount from Schedule 1 line 3 on line 2, page 1 of the form. If Schedule 2, column 3, line f is less than 100%, multiply the net fiduciary adjustment (line 1g minus line 2h) by the percentage on Schedule 2, Column 3, line f. Enter the result here and on page 1 of the form, line 2. **Nonresident trusts and estates:** Enter the total fiduciary adjustment from Maine sources on Schedule NR, line 4.

## SPECIFIC INSTRUCTIONS, continued

### SCHEDULE 2 – ALLOCATION OF FEDERAL INCOME AND MAINE-SOURCE INCOME

The purpose of this schedule is to show the distribution of federal income and Maine-source income among the beneficiaries and the trust or estate.

**Column 1.** Enter the name of each beneficiary of the trust or estate, including nonresident beneficiaries. Enter the trust/estate name on line f. If there are more than 5 beneficiaries, use a separate sheet of paper.

**Column 2.** Enter the respective shares of federal distributable net income of each beneficiary and of the trust/estate on the appropriate lines.

**Column 3.** Determine the percentage share for each beneficiary and for the trust/estate based on the amounts in column 2. Use the percentage on line f to determine the trust's/estate's share of the fiduciary adjustment on Schedule 1, line 3. **Nonresident trusts or estates: Do not apply the percentage on line f to the fiduciary adjustment. Instead, enter the total fiduciary adjustment from Maine sources on Schedule NR, line 4.**

**Columns 4 and 5.** Enter the state of domicile and the social security number/EIN of each beneficiary of the estate or trust, including nonresident beneficiaries.

**Column 6. Nonresident estates or trusts** enter on line g, column 6, the amount from Schedule NR, line 5, column B. Complete lines a - e. Allocate line g to the nonresident beneficiaries in proportion to their respective shares of federal distributable net income. The income, as allocated, has the same character as for federal income tax purposes. Resident estates or trusts with nonresident beneficiaries will need to complete a pro forma Schedule NR (as if the estate or trust were a nonresident estate or trust) in order to complete column 6 of Schedule 2. Enter on Schedule 2, line g, column 6 the amount from Schedule NR, line 5. Follow the instructions on page 16 for completing Schedule NR. Attach a copy of the pro forma Schedule NR to the Maine income tax return for the estate or trust. Do not complete column 6 for resident beneficiaries.

If the estate or trust has no federal distributable net income, the share of each beneficiary in the Maine-source income is in proportion to the beneficiary's share of the estate or trust income for the taxable year, including that which is required by local law of the governing instrument to be distributed in such year. Any balance of the Maine-source income not allocable to beneficiaries shall be allocated to the estate or trust. If the shares in the Maine-source income are allocated in accordance with this paragraph, show the allocation in a schedule attached to the return.

### SCHEDULE 3 – CREDIT FOR INCOME TAX PAID TO ANOTHER JURISDICTION.

Resident trusts and estates may claim a credit against Maine income tax for income tax paid to another jurisdiction if all the following conditions are met:

- (1) The other jurisdiction is another state, a political subdivision thereof, the District of Columbia, Canadian Province or any political subdivision of a foreign country that is like a state of the United States.
- (2) The tax paid to the other jurisdiction is directly related to the income received during the tax year covered by this return. Tax payments made to other taxing jurisdictions for prior year tax liabilities cannot be considered when computing this credit.

- (3) The income taxed by the other jurisdiction is derived from sources in that jurisdiction determined in the same manner as Maine-source income is determined for nonresidents of Maine under Title 36 § 5142.

Line 4b is the income tax assessed by the other jurisdiction minus any tax credits (except withholding and estimated tax payments).

Complete a separate Schedule 3 for each jurisdiction to which taxes are paid and for which a credit is being claimed. Enclose a copy of each Schedule 3 completed. Add the credits together and enter the total on Schedule A, line 4. **Attach a copy of the income tax return filed with the other jurisdiction.**

### SCHEDULE A – MAINE TAX ADJUSTMENTS

#### SECTION 1 - TAX ADDITIONS:

**Line 1. RETIREMENT PLAN DISTRIBUTIONS.** If you choose to compute a separate federal tax on a premature lump-sum distribution from a retirement plan, you are subject to an additional Maine tax equal to 15% of the federal tax. **NOTE:** Distributions relative to Maine State Retirement System contributions previously taxed by Maine are not subject to this special tax.

**Line 2. MAINE MINIMUM TAX.** If you exceed the following thresholds, you must complete a Maine Minimum Tax Worksheet to determine whether you owe Maine minimum tax (see instructions and supporting Worksheets at [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Forms/Publications), or order forms by calling 207-624-7894):

- estates or trusts that have a federal alternative minimum taxable income on federal Form 1041, Schedule I, line 29.
- estates or trusts that do not have a federal alternative minimum taxable income on federal Form 1041, Schedule I, line 29 but do have Maine addition fiduciary adjustments (Maine Schedule 1, lines 1a through 1f), the total of which is greater than the minimum tax exemption amount on federal Form 1041, Schedule I, line 50 (\$22,500 reduced by 25% of federal alternative minimum taxable income that exceeds \$75,000).

\*Note: If you are not subject to the federal alternative minimum tax,

you must complete federal Form 1041, Schedule I in order to determine the amount of the federal alternative minimum taxable income on line 29.

#### SECTION 2 - TAX CREDITS:

An estate or trust is allowed a credit against the tax imposed by 36 M.R.S.A. § 5160 in an amount equal to the trust's/estate's share of tax credits described in 36 M.R.S.A. Chapter 822:

**Line 5. MAINE SEED CAPITAL TAX CREDIT.\*** The Finance Authority of Maine ("FAME") administers this program. FAME issues a tax credit certificate after verifying the eligibility of the investor. The estate/trust must enclose a copy of the certificate when requesting a tax credit under this program. This credit is limited to 50% of the Maine income tax due. Carryover provisions apply. 36 M.R.S.A. § 5216-B.

**Line 6. EMPLOYER-ASSISTED DAY-CARE TAX CREDIT.\*** An employer may claim a credit for providing day-care services for, or for paying day-care expenses of, employees. This credit is limited to the lowest of \$5,000, 20 percent of the cost incurred, or \$100 per child enrolled on a full-time basis. It cannot exceed the Maine income tax due. The credit doubles if the child-care services provided are quality child-care services as determined by the Department of Health and Human Services, Office of Child Care & Head Start. Carryover provisions apply. 36 M.R.S.A. § 5217.

## SCHEDULE A INSTRUCTIONS, continued

**Line 7. FOREST MANAGEMENT PLANNING CREDIT.** Once every 10 years an estate/trust is allowed a credit of up to \$200 for expenses incurred in developing a forest management and harvest plan for a parcel of forest land which is more than 10 acres. A professional forester who is not in the regular employ of the owner must prepare the plan. The estate/trust claiming the credit must attach to the Maine return a statement from the forester supporting the claim and affirm upon penalties of perjury that the credit has not been claimed in the previous 10 years. 36 M.R.S.A. § 5219-C.

**Line 8. RESEARCH EXPENSE TAX CREDIT.\*** The credit is 5% of qualified research expenses incurred during the taxable year that exceed the average qualified research expense for the previous three tax years, plus 7.5% of the basic research payments determined pursuant to IRC § 41(e)(1)(A). Only expenditures for research conducted in Maine qualify for the credit. The term "qualified research" is defined in IRC § 41(d). The credit is limited to the tax liability of the taxpayer. In the case of corporations, the credit is limited to the first \$25,000 of tax liability before credits plus 75% of the tax liability that exceeds \$25,000. Carryover provisions apply. 36 M.R.S.A. § 5219-K.

**Line 9. RESEARCH & DEVELOPMENT SUPER CREDIT.\*** Businesses that increase research expenses by more than 50% over the average research expenses incurred in the 3 taxable years immediately preceding June 12, 1997 qualify for the credit. The credit is equal to the excess over 150% of the 3-year average. It is limited to 50% of the net income tax due after other credits and may not reduce the taxpayer's tax liability to less than the net tax liability in the preceding year after other credits. Carryover provisions apply. 36 M.R.S.A. § 5219-L.

**Line 10. HIGH-TECHNOLOGY CREDIT.\*** Businesses primarily engaged in high-tech activities and that lease, purchase and use, or purchase and lease computer equipment, electronic components and accessories, communications equipment or computer software placed in service in Maine and used in "high-technology activities" qualify. The credit is equal to the adjusted basis of eligible equipment for federal income tax purposes or the amount of lease payments made (by lessee) less any lease payments received for the eligible equipment during the tax year.

The lessor may claim the credit only if the lessee waives entitlement to the credit. For tax years beginning after 2003, the qualifications for an acceptable lease arrangement resulting in the transfer of the high-technology credit from the lessee to the lessor have become more stringent. A qualified lessor is now defined to require that: 1) the equipment being leased must be used primarily in a high technology activity; 2) the lessor derives no more than one third of aggregate lease payments from the lease of eligible equipment and; 3) the lease qualifies as a lease for federal purposes under Revenue Procedure 2001-28. The reimbursement period for BETR must be reduced one year for each tax year the eligible equipment is included in the basis for the High-Technology Credit. Also, Maine taxable income must be increased by the amount of the investment credit base also claimed as a business expense (including depreciation) for federal income tax purposes. Generally, the credit is limited to \$100,000 per tax year. Additional provisions apply. Carryover provisions apply. 36 M.R.S.A. § 5219-M.

**Line 11. MAINE MINIMUM TAX CREDIT.** Complete the Maine minimum tax credit worksheet available at [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Forms/Publications). 36 M.R.S.A. § 5203-A(5).

**Line 12. BIOFUEL PRODUCTION TAX CREDIT.** A taxpayer is allowed a credit equal to 5¢ per gallon of biofuel produced. Biofuel means "any liquid or gaseous product or energy source . . . that is derived from agricultural crops or residues or from forest products or byproducts, as distinct from petroleum or other fossil carbon sources." The credit cannot reduce tax liability below zero, but

unused amounts can be carried forward for up to five taxable years. The taxpayer must obtain certification from the Maine Department of Environmental Protection as to the biofuel eligible for the credit. 36 M.R.S.A. § 5219-X.

**Line 13. PINE TREE DEVELOPMENT ZONE TAX CREDIT.** A taxpayer engaged in the business of financial services, manufacturing or a targeted technology, as defined by 5 M.R.S.A. § 15301, that is located within a Pine Tree Development Zone may be eligible for an income tax credit. In order to be eligible, the taxpayer must add new, full-time jobs that meet certain wage requirements and that offer the new employees retirement and health care benefits. Application for eligibility must be submitted to the Department of Economic and Community Development. For tax years beginning after 2003, a tax credit is available equal to 100% of the tax liability related to qualified business for each of the first five years the qualified business is required to file an income tax return with Maine. The credit is 50% of the Maine tax liability for each of the second five years the business is required file an income tax return with Maine. For further information, instructions and forms, see the MRS web site at [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Forms/Publications). 36 M.R.S.A. § 5219-W.

**Line 14. OTHER TAX CREDITS.** Enter on this line the sum of the following credits:

- **MACHINERY & EQUIPMENT INVESTMENT TAX CREDIT OR SOLID WASTE REDUCTION INVESTMENT TAX CREDIT.** Enter the amount of these credits carried forward to this tax year. Attach a schedule verifying the amount carried forward.

- **EMPLOYER-PROVIDED LONG-TERM CARE CREDIT.\*** An employer may claim a limited credit for expenses incurred in providing long-term care policy coverage as part of an employee benefit package. The credit is limited to the lowest of \$5,000, 20 percent of the cost incurred, or \$100 per employee covered. 36 M.R.S.A. § 5217-C.

- **JOBS AND INVESTMENT TAX CREDIT.\*** A taxpayer, other than a public utility, may claim a tax credit for qualified jobs and investment subject to limitations. Eligibility for the credit requires the addition of \$5 million of IRC § 38 property based on the Internal Revenue Code of 1954, as of December 31, 1985, § 38(b)(1), and 100 new employees in Maine during the 24 months after placing the property in service. This credit is limited to \$500,000 or the Maine income tax due, whichever is less. Carryover provisions apply. 36 M.R.S.A. § 5215.

- **CREDIT FOR DEPENDENT HEALTH BENEFITS PAID.\*** Employers that offer a qualified health benefit plan and that employ fewer than 5 employees may qualify for a credit equal to the lesser of 20% of the dependent health benefits paid by the employer or \$125 per employee with dependent health benefits coverage. A taxpayer that employs 5 or more employees after qualifying for the credit may continue to qualify for the credit for another 2 years. The credit is limited to 50% of the income tax due. The credit is subject to additional restrictions. Carryover provisions apply. 36 M.R.S.A. § 5219-O.

- **CLEAN FUEL CREDIT.\*** The credit is 25% of expenditures made or incurred from January 1, 2002 to December 31, 2005 for construction, installation of, or improvements to any filling station or charging station located in Maine for the purpose of providing clean fuels to the general public for use in motor vehicles. The credit automatically expires January 1, 2006. 36 M.R.S.A. § 5219-P.

- **HISTORIC REHABILITATION CREDIT.\*** A taxpayer is allowed a credit equal to the amount of the federal credit, including carryovers, for rehabilitation of certified historic structures located in Maine. The credit is nonrefundable and is limited to \$100,000 annually per taxpayer. The credit is subject to the same recapture provisions as under the Internal Revenue Code. The credit applies to tax years beginning on or after January 1, 2000 and relates to eligible expenditures incurred after December 31, 1999. 36 M.R.S.A. § 5219-R.



## SCHEDULE A INSTRUCTIONS, continued

• **FAMILY DEVELOPMENT ACCOUNT CREDIT.\*** This credit is available to contributors to family development matching fund accounts. The Finance Authority of Maine certifies the allowable credit for each contributor. A copy of the certificate must be attached to the return. The credit is nonrefundable and must be taken after all other credits. Amounts claimed may not be claimed as itemized deductions for Maine purposes. Other limitations apply. 36 M.R.S.A. § 5216-C.

• **QUALITY CHILD-CARE INVESTMENT TAX CREDIT.\*** Corporations and partnerships making certified quality child-care investments qualify for a credit equal to 30% of up to \$30,000 of eligible expenditures. Individual taxpayers making certified quality child care investments of no less than \$10,000 qualify for a credit equal to \$1,000 each year for 10 years, plus \$10,000 at the end of

the 10-year period. The credit is nonrefundable; however, unused credit amounts may be carried forward until exhausted. The Maine Department of Health and Human Services ("DHHS"), Office of Child Care and Head Start certifies eligible investments.

Attach a copy of the certificate when claiming this credit. For questions about quality child care and the certification process, call DHHS, Office of Child Care and Head Start at (207) 287-5099.

**Line 17. ALLOWABLE CREDITS.** These credits are not refundable. The total credits claimed cannot exceed the Maine regular income tax otherwise due for the taxable year.

**\*Complete the worksheets at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms) when claiming any of these credits. Attach the worksheet(s) to the Maine return.**

## SCHEDULE NR INSTRUCTIONS

Schedule NR is used to determine the Maine taxable income of a nonresident estate or trust, or a resident estate or trust with nonresident beneficiaries. Generally, Maine taxable income of a nonresident estate or trust is the Maine-source portion of its federal taxable income. The nonresident beneficiaries are taxed on their share of the Maine-source distributable net income. Resident beneficiaries are taxed on their entire share of the trust or estate income as though the trust or estate were resident.

**Lines 1a - 1g.** Enter in column A income, gain or loss as reported on federal Form 1041. Enter in column B amounts derived from or connected with sources in Maine (see 36 M.R.S.A. § 5142 [nonresident taxable income] and MRS Rule 806 [nonresident individual income tax]). Enter non-Maine source income in column C.

**Step 1.** Complete Schedule NR, lines 1-5.

**Step 2.** Complete Schedule 2 on Form 1041ME, page 2.

**Step 3.** Complete Schedule NR, lines 6 through 9.

**Step 4.** Complete Form 1041ME, page 1.

**NOTE:** Use the form below only if you are making a payment and filing Form 1041ME on extension.

**2004  
1041ME-EXT**

### STATE OF MAINE EXTENSION PAYMENT VOUCHER for FIDUCIARY INCOME TAX



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\*0409620\*

Please Type or Print

NAME OF ESTATE OR TRUST

ESTATE/TRUST EIN

NAME AND TITLE OF FIDUCIARY OR TRUSTEE

FIDUCIARY SSN OR EIN

ADDRESS OF FIDUCIARY (NUMBER and STREET)

AMOUNT OF PAYMENT

CITY

STATE

ZIP CODE

.00

**NOTE:** Write your EIN or social security number on your check.



Detach this voucher and mail with check or money order payable to "TREASURER, STATE OF MAINE" to:  
Maine Revenue Services, P.O. Box 9114, Augusta, ME 04332-9114.